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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

CIVIL DIVISION

OCT 15 1971

Dear Mr. Zarb:

We have completed a review of travel advances outstanding for employees of the Manpower Administration (MA), located at the Headquarters Office in Washington, D.C. Our review covered the period from April 1, 1970 to June 30, 1971, and consisted of an examination, on a test basis, of the procedures, internal controls, reports, and records relating to travel advances of the Branch of Voucher Payment (BVP), Division of Payment Services, Office of Accounting and Payment Services (OAPS).

Improvements were needed in certain procedures and controls over travel advances and in the reports prepared on advances. The Director of OAPS and his staff advised us that appropriate corrective actions had been or would be taken on all of the matters disclosed in our review.

On April 12, and June 10, 1971, we reported similar findings resulting from our reviews of administrative practices in the Chicago and San Francisco Regional Administrative Offices.

The details of our findings are presented below.

NEED FOR TIMELY PREPARATION OF MONTHLY REPORTS ON OUTSTANDING TRAVEL ADVANCES

BVP is required by Department regulations to prepare monthly reports of outstanding travel advances by the fifth working day of the following month and send copies of the reports to the applicable administrative offices. The offices receiving the reports are to take appropriate action on advances which need to be recovered or adjusted.

We found that BVP did not prepare the monthly reports for March 1971 for the MA's six appropriations until late in June 1971, and that the reports for April, May and June of 1971 had not been prepared as of July 9, 1971. An MA official informed us that reports for several other months in fiscal year 1971 were also received late.

The individual reports as of March 31, 1971, prepared by BVP for the 6 MA appropriations contained 765 names of employees having outstanding travel advances totaling \$250,571. The reports showed the appropriation to which the employees' travel advances were chargeable; but they did not show the organizational unit that the employees were assigned to in MA. An MA official informed us that failing to show the organizational unit of the employees hindered the usefulness of the reports by making it more difficult to follow-up on the employees with advances.

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BVP also uses the monthly reports to reconcile the totals of outstanding travel advances, by appropriation, with the balances shown on the monthly trial balances prepared from the accounting records. We noted in July 1971 that BVP had not made the reconciliations for any of the MA appropriations since February 1971. Our comparison of the totals on the reports as of March 31, 1971, with the balances shown on the March trial balances revealed differences ranging from \$23 to \$2,644 for 5 of 6 MA appropriations.

QUARTERLY REVIEW OF OUTSTANDING TRAVEL ADVANCES NOT MADE

BVP is required by Department regulations to review outstanding travel advances quarterly and prepare lists of those advances which should be reduced or terminated and refunded. BVP had not made the required review of outstanding travel advances for the last quarter of fiscal year 1970 and for the first three quarters of fiscal year 1971.

CONTROLS OVER OUTSTANDING TRAVEL ADVANCES NEED TO BE IMPROVED

Our review of the 765 travel advances, totaling \$250,571, outstanding at March 31, 1971, for MA employees indicated that many of the advances should have been reduced or liquidated on the basis of the travel experience of the persons holding the advances.

Of the 765 travel advances, 257 advances, totaling \$97,855 had been outstanding for more than 6 months, including 57 advances, totaling \$20,668, which had been outstanding with no travel activity indicated for the employees for between 10 to 12 months, and 124 advances, totaling \$48,506, with no travel activity indicated for the employees for more than 1 year including some with no travel activity indicated by the employees since dates in 1967, 1968 and 1969. Personnel at BVP were unable to explain why these advances had remained outstanding for such a long period of time.

We also noted that two of the outstanding advances had been made to an individual who was no longer employed by MA. Ten other advances outstanding, which had been made to individuals who were no longer employed by MA, had not been included on the March 1971 report. BVP records showed that letters had been written in 1968 and 1969 in an attempt to collect some of the advances but in none of the cases had the advances been repaid. There was no further correspondence with the individuals since 1969.

AGENCY ACTIONS

The Director, OAPS, and members of his staff agreed with our findings in July and August 1971. The Director cited turnover of personnel, increased workloads, and decreased authorized overtime as factors

contributing to the deficient conditions which we noted. The vacancy of the position of Chief, BVP, since April 1971 and the extensive absences of the former Chief from December 1970 to April 1971 were also cited.

BVP officials also advised us that new voucher review procedures were adopted in April 1971. Before processing a traveler's voucher for payment on any specific trip, BVP checks its records to ascertain whether the traveler has a travel advance outstanding. If an advance is outstanding and the traveler did not reduce his voucher claim for the outstanding advance, BVP will revise the traveler's voucher amount to offset the advance.

CONCLUSIONS AND RECOMMENDATIONS

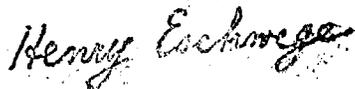
The new procedures, if properly implemented, should improve the controls over outstanding travel advances in the future and should help reduce some of the outstanding advances.

In addition, we recommend that a concerted effort be undertaken by OAPS and MA to liquidate or reduce the advances that have been outstanding for a considerable period of time and where no travel activity is likely to occur in the near future, and to recover amounts advanced to individuals who are no longer employed by the MA.

Also, we recommend that BVP be instructed to (1) prepare the required monthly reports, (2) reconcile the reports to the general ledger balances, and (3) make the required quarterly review of outstanding travel advances and prepare lists of those advances which need to be recovered or adjusted. We recommend further that officials receiving the quarterly lists be required to report back to BVP on the actions taken to liquidate or reduce the outstanding advances shown on the lists.

We wish to acknowledge the cooperation given our representatives during the review and we would appreciate being advised of actions taken on these matters.

Sincerely yours,



Henry Eschwege
Associate Director

cc: Mr. David Williams, MA
Mr. Edward McVeigh, OASA
Mr. Edgar Dye, OASA
Mr. Wayland Coe, OASA

The Honorable Frank Zarb
Assistant Secretary for Administration
Department of Labor